

STEPTOE & JOHNSON

ATTORNEYS AT LAW
1330 CONNECTICUT AVENUE
WASHINGTON, D. C. 20036

ROBERT J. CORBER
(202) 429-8108

November 17, 1988

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
Room 2215
Washington, D.C. 20423

1 6032
RECORDATION NO. 6032
NOV 17 1988 - 9 42 AM
INTERSTATE COMMERCE COMMISSION

No. 8-322A030
Date NOV 17 1988
Fee \$ 13.00
ICC Washington, D. C.

Dear Ms. McGee:

Enclosed for filing and recordation pursuant to the provisions of 49 U.S.C. §11303 are the original and one copy of the document hereinafter described. It relates to the railroad equipment identified below.

1. Lease Agreement dated as of May 13, 1986 between Brae Transportation, Inc., as lessor and Greenbrier Leasing Corporation, as lessee.

The equipment subject to this agreement consists of 12 railroad cars bearing the marks WCRC 1048, 1049, 1088, 1089, 1090-1095, inclusive and 1097 and 1098.

The names and addresses of the parties to the document are as follows.

Lessor: Brae Transportation, Inc.
One Hundred Sixty Spear Street
San Francisco, California 94105

Lessee: Greenbrier Leasing Corporation
Lake Oswego, Oregon

A fee of \$13.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to the person presenting this letter.

A short summary of each document to appear in the index follows:

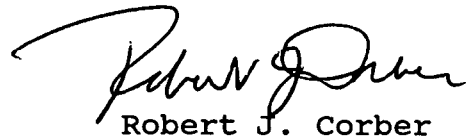
ICC OFFICE OF
THE SECRETARY
NOV 17 9 21 AM '88
MOTOR CARRIER UNIT

(Handwritten signature)

Ms. Noreta R. McGee
November 17, 1988
Page Two

1. Lease Agreement dated as of May 13, 1986 between Brae Transportation, Inc., and Greenbrier Leasing Corporation, covering railcars marked WCRC 1048, 1049, 1088, 1089, 1090 through 1095, 1097 and 1098.

Very truly yours,



Robert J. Corber

Enclosures as stated

Interstate Commerce Commission

Washington, D.C. 20423

11/17/88

OFFICE OF THE SECRETARY

Robert J Corber
Steptoe & Johnson
1330 Conn. Avenue N.W.
Washington, D.C. 20036

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/17/88 at 9:30am, and assigned recordation number(s).

9875-FF, 9875-GG, 9875-HH & 9875-II

Sincerely yours,

16032
16033
16033A
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Enclosure(s)

Narta R. McEneaney
Secretary

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

BRAE TRANSPORTATION, INC.

By: *Donald B. [Signature]*

President - [Signature]

GREENBRIER LEASING CORPORATION

By: *Norman M. Webb, V.P.*

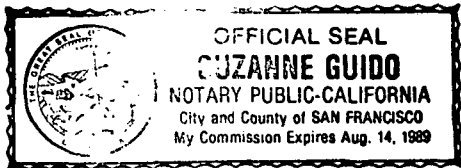
L4291.1

STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

)
) ss.
)

I, *Suzanne Guido*, a Notary Public in and for the State of California, duly commissioned and sworn, do certify that on this *21* day *October*, in the year 1988, I carefully compared the annexed copy of the *lease agreement* with the original thereof, and that the same is a full, true and correct copy of said original *lease agreement*.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the County of San Francisco, the day and year in this certificate first above written.



[seal]

My commission expires: *8.14.89*

Suzanne Guido
Notary Public

6032
NOV 17 1988 9 11 AM
INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

COPY

LEASE of Equipment, dated as of this 13th day of May, 1986 between Brae Transportation, Inc. ("LESSOR"), a Delaware Corporation with principal offices at San Francisco, California and Greenbrier Leasing Corporation ("LESSEE"), a Delaware Corporation with principal offices at Lake Oswego, Oregon.

In consideration of the mutual covenants and promises herein, Lessor hereby leases to Lessee the equipment described in the attached Appendix A (individually an "Item of Equipment" and collectively the "Equipment"), upon the following terms and conditions:

1. Delivery of Equipment. Lessor shall deliver the Equipment to Lessee at the delivery point identified in Appendix A. Each Item of Equipment delivered shall be in serviceable condition and comply with the Interchange Rules of the Association of American Railroads.

2. Rental. As consideration for use of this Equipment in rail service, Lessee shall pay Lessor the monthly rental set forth in Appendix A. The monthly rental, shall be paid by Lessee in advance, on the first day of each calendar month until the Equipment is returned to Lessor pursuant to Section 9 hereof. Any amount past due shall bear interest at the rate of 1 1/2 percent per month until paid. Any car hire or rental earnings generated by the Equipment during the Initial Term or any extension thereof are for the sole account of the Lessee.

3. a. Term of Lease. This Lease shall become effective, as to any Item of Equipment leased hereunder, on the date Lessor delivers said Item of Equipment to Lessee, and Lessee accepts the Item of Equipment, pursuant to an Acceptance Supplement in the form of Appendix B, attached hereto, and shall remain in effect (unless earlier terminated as provided herein) until July 31, 1988 (the "Initial Term").

b. Option to Extend. At the end of the Initial Term, Lessee shall have the option to extend the Lease on the same terms and conditions as the Initial Term for an additional two (2) years by notifying Lessor in writing 120 days prior to expiration of the Initial Term of Lessee's intent to extend the Lease.

c. Option to Terminate. Lessee upon giving to the Lessor one hundred eighty (180) days written notice of its intent, shall have the option to terminate this Lease; provided, however, that in no event shall the term of this lease be less than eighteen (18) months.

4. Title to Vehicle. It is expressly understood and agreed that this is a leasing contract only. Lessee acknowledges and agrees that

it shall not, by virtue of this Agreement or the possession or use of the Equipment, acquire right, title or interest to any equipment leased hereunder.

5. Maintenance and Repair. Lessee shall, at its expense, cause the Equipment to be maintained in good order and repair, and in satisfactory condition for interchange in accordance with the Interchange Rules of the Association of American Railroads (the "Interchange Rules").

6. Warranty. Lessor has made no warranties, expressed or implied, including WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PURPOSE with respect to the vehicles or any part thereof. Lessor will make available to Lessee the benefits provided under car manufacturer's warranty, if any.

7. Damaged or Destroyed Equipment.

(a) In the event that any Item of Equipment shall be or become lost, stolen, destroyed or, in the reasonable opinion of Lessee, rendered permanently unfit for normal use during the term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), Lessee shall within three (3) days, after it has knowledge of such Casualty Occurrence, inform Lessor of its intention to pay to Lessor the settlement value of such Item of Equipment in accordance with the terms of AAR Interchange Rule 107 (the "Settlement Value").

(b) Settlement Value. The Settlement Value of each Item of Equipment shall be an amount determined as of the date the Settlement Value is paid as provided in this Section 7 (and not the date of the Casualty Occurrence). Settlement Value for each Item of Equipment shall be equal to the amount specified under AAR Interchange Rule 107 as the casualty payout for such equipment, as of the date the settlement is made.

(c) Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to paragraph (b) of this Section 7 in respect of any Equipment, the obligation to pay Fixed Rent and other sums to become due hereunder for such Equipment accruing subsequent to the Settlement Value payment date shall terminate, but Lessee shall continue to pay Fixed Rent for all other Equipment.

8. a. Taxes. Lessee shall timely pay, or promptly reimburse Lessor should payment be made by it, all Federal, State or local property, sales, use or other taxes, duties, impositions, assessments or charges (collectively, the "Impositions") (excluding any federal, state or local income taxes) levied or imposed upon, measured by or

exacted because of the use or leasing of the Equipment by Lessee, and will, at all times during the term hereof, keep the Equipment and each part thereof, free and clear of all taxes, assessments, or other charges which might in any way affect or impair the title of Lessor to, or its interest in, the Equipment or result in a lien thereon. Lessee further agrees that it will promptly pay or reimburse Lessor for any interest or penalties payable by Lessor resulting from any delay in paying any of the Impositions which Lessee has herein agreed to pay or reimburse. If, during the Lease Term, Lessee becomes liable for the payment or reimbursement of any charges, interest or penalties pursuant to this Section, such liability shall continue, notwithstanding the termination of this Lease, until all charges, interest or penalties are paid or reimbursed by Lessee. Notwithstanding the foregoing, Lessee shall not be required to pay any Imposition, or any interest or penalty thereon, as long as it shall be protesting payment in good faith or by appropriate legal or administrative proceedings contesting the validity or amount thereof, nor shall Lessee be required to pay any Imposition, or any interest or penalty thereon, which accrued before the Equipment was delivered to Lessee or after its return. All sales or other taxes levied in connection with Lessors' acquisition or prior use of the leased cars shall be paid by Lessor.

b. Insurance. Lessee shall be responsible for all insurance costs with respect to the Equipment while this Agreement is in effect. For so long as Lessee, or any sublessee, whose credit has been approved in writing by Lessor (which approval shall not be unnecessarily withheld), remains a qualified self-insurer under the applicable laws of the states within which it operates, the provisions of this Section 8b requiring Lessee to maintain insurance policies shall be waived.

Lessor hereby acknowledges that Southern Pacific is a qualified self-insurer under the applicable laws of the states within which it operates, and hereby waives the requirements of the first paragraph of this Section so long as Southern Pacific is the sublessee of the Cars.

Lessee further agrees to assume liability for, and does hereby indemnify and agree to indemnify, protect, save and hold harmless Lessor, on an After-Tax Basis (i.e., after payment of all Federal, state and local taxes payable by Lessor with respect to payments and pursuant to this indemnity) from and against, any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving negligence or omissions, or strict or absolute liability in tort), actions, suits, judgments, costs, expenses and disbursements (including, without limitation, the fees and expenses of lawyers, accountants and other

experts) of any kind and nature whatsoever without any limitations as to amount ("Claims") which may be imposed on, incurred by or asserted against Lessor, in any way relating to or arising out of this Lease or any amendment, modification, supplement, waiver or consent thereunder, or the performance or enforcement of any of the terms hereof, or the breach by Lessee of any of the terms of this Lease, or in any way relating to or arising out of the ownership of the Cars or the design, manufacture, acquisition, erection, reconditioning, modification, ownership, delivery, lease, possession, use, operation, maintenance, condition, registration, control, financing, insuring, sale, storage or disposition of the Cars or any casualty, injury or loss in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement and reasonable fees and disbursements of outside counsel and other experts incurred in connection therewith). The indemnities and assumptions of liability of Lessee hereunder are not intended as, and do not constitute, a guarantee of the residual value of any Car or of the payment of the principal of, or interest on, any notes.

LESSEE AGREES THAT LESSOR SHALL HAVE NO LIABILITY DIRECTLY OR INDIRECTLY TO LESSEE, TO ANY PERSON CLAIMING BY, THROUGH OR UNDER LESSEE OR TO ANY OTHER PERSON FOR ANY CLAIM ARISING DIRECTLY OR INDIRECTLY FROM ANY CAR, OR FROM ANY INADEQUACY THEREOF FOR ANY PURPOSE, OR FROM ANY DEFICIENCY OR DEFECT THEREIN WITH RESPECT THERETO OR FROM ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF OR FROM ANY LOSS OF BUSINESS, ALL OF WHICH SHALL BE THE RISK AND RESPONSIBILITY OF LESSEE.

9. Return of Equipment. Upon termination of this Lease for any reason as to any Item of Equipment, Lessee shall return the Equipment to Lessor by making the Equipment available to Lessor within a reasonable amount of time upon such termination at Chicago, Illinois or at such other point that is mutually agreed upon, in the same condition as when delivered to Lessee, ordinary wear and tear excepted. Rental shall remain in effect for each Item of Equipment until delivered to Lessor pursuant to this section. In addition, prior to returning the Equipment, Lessee shall remark the Equipment at Lessee's sole cost with such railroad marks as Lessor shall designate.

10. Liability of Lessor. Lessor shall not be liable for physical injuries (including death) to persons (including, but not limited to, officers, employees and agents of Lessee and of its contractors, suppliers and third parties) or damage to property arising out of the use or operation of the Equipment or the performance by Lessee of any work relating to the Equipment during the period that Lessee has possession and control of the Equipment, except for such injuries or damages caused by gross negligence on the part of Lessor.

11. Assignment and Encumbrance. Lessee shall not, without the prior written consent of Lessor, assign, transfer or encumber its leasehold interest under this Lease, the Equipment or any portion thereof; provided, however, that so long as no default exists hereunder, Lessee shall be entitled to sublease one or more of the Items of Equipment to, or to permit their use under the terms of car contracts by, one or more sublessees or users, provided such subleases are (i) necessary, appropriate or helpful to the conduct of Lessee's business, and (ii) for a term which may not extend beyond the Initial Term and any options to extend hereunder. Lessee, at its own expense, will, as soon as possible, cause to be duly discharged any lien, charge or other encumbrance which may be imposed on or with respect to any of the Equipment during the term of this Agreement as a result of Lessee's action or inaction with respect thereto.

12. Remedies on Default. If Lessee shall attempt to sell, assign or encumber or dispose of the Equipment or any interest therein, or if Lessee defaults in the performance of any of the covenants, conditions or provisions of this Lease and such default continues after thirty (30) days notice to and demand on Lessee to cure such default or if Lessee fails to make payment within 10 days of due date, Lessor may immediately and without notice to Lessee, recover possession of the Equipment and/or terminate this Lease. Lessee shall promptly reimburse Lessor for any and all costs or expenses of Lessor (including, but not limited to, transportation costs to return the Equipment to Chicago, Illinois and reasonable attorney's fees) in connection with such recovery of possession and shall also pay Lessor any rents or other amounts owing to Lessor to and including the date upon which the Equipment is returned to Lessor, including interest on any such amounts.

13. Compliance with Laws and Rules. Lessee will comply in all respects with all laws of the jurisdiction in which its operations involving the Equipment may extend, and with all lawful rules of the U.S. Department of Transportation and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the operation or use of the Equipment.

14. Agreement Embodies Understanding of Parties. This Agreement contains the entire understanding of Lessor and Lessee with respect to the subject matter hereof and supersedes any and all prior written and oral agreements, if any. There are no representations, covenants, agreements or warranties other than those expressly set forth herein. No change, modification or amendment of this Agreement shall be effective unless in writing and signed by both parties.

15. Bankruptcy. This Agreement shall terminate at Lessor's option and without notice if Lessee is generally not paying its debts

as such debts become due or becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they mature or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for any of its properties or assets. In the event that this Agreement is so terminated, Lessee shall at Lessee's sole expense assemble and return all Equipment to a location or locations designated by Lessor, or Lessor may enter Lessee's premises where the Equipment is found and take immediate possession and remove the Equipment without legal process. The taking of the Equipment by Lessor does not release the Lessee from Lessee's obligations and indemnities provided hereunder including but not limited to Lessee's obligation for the payment of rents, taxes and other costs and expenses as provided herein, including the cost of retaking the Equipment.

16. Waiver. A waiver of any breach of this Agreement by either party hereto, shall not be deemed a waiver of any repetition of such breach or in any way affect any other terms or conditions hereof.

17. Severability of Agreement. If any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

18. Notices. All notices and other communications provided for hereunder shall be sent by U.S. mail, cablegram, telex or telephone and, if verbal, confirmed in writing (by U.S. mail) within two (2) days, and shall be effective when dispatched if by a cable, telex or telephone (if thereafter confirmed as provided above), or, if by mail, five (5) days after the date of mailing. Any such notice shall be addressed to the parties at the addresses set forth above, with notice to Lessee addressed to the attention of the President, Greenbrier Leasing Corporation.

19. Legal Effect. Nothing contained in this Agreement shall be deemed to be nor is intended to be inserted for the purpose of creating a joint venture, partnership, or sponsorship agreement, and Lessee and Lessor agree that they will, under no circumstances, hold themselves out as being a party to any such agreement or arrangement with each other.

20. Governing Law. This Lease is to be construed in accordance with the Laws of the State of Delaware, irrespective of the place of business of the parties hereto.